



State Board of Equalization

News Release

Judy Chu, Ph.D.
Chair

4th District – Los Angeles

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Board of Equalization and Department of Motor Vehicles Collect \$2.8 Million

Departments Cooperating to Close Tax Gap

Judy Chu, Ph.D., Chair of the State Board of Equalization (BOE) today announced that the BOE and the Department of Motor Vehicles (DMV) have collected over \$2.8 million in revenue to date as a result of joint enforcement efforts. The new approach to tax compliance is an outcome of a workgroup recently formed to increase cooperation between the agencies.

The goal of the joint workgroup is to share information, work together on enforcement sweeps, identify unregistered licensed dealers, and to assist each other in performing audits.

“By working together, the BOE and DMV were able to collect millions in revenue that would have otherwise gone unpaid as one component of the tax gap,” said Dr. Chu.

Failure to file returns and make payments to the BOE contributes to the sales and use tax gap of approximately \$2 billion. The tax gap is defined as the difference between taxes owed and taxes paid. By working cooperatively, the DMV and BOE are jointly developing strategies to improve collections of sales tax and assist in closing the tax gap in the areas where they have joint jurisdiction.

“At a time when every dollar counts, California taxpayers are ultimately the beneficiary of our combined efforts,” said DMV Director George Valverde. “Ensuring that all auto dealers are in compliance is good for all Californians.”

Chair Judy Chu represents the Fourth Board of Equalization District, which includes Los Angeles County. She won election to the BOE in November 2006 and was elected Chair of the Board of Equalization in January 2008. Chair Judy Chu is also a voting member of the Franchise Tax Board.

The five-member California State Board of Equalization is a publicly elected tax board. The BOE collects more than \$53 billion annually in taxes and fees supporting state and local government services. It hears business tax appeals, acts as the appellate body for franchise and personal income tax appeals, and serves a significant role in the assessment and administration of property taxes.

The DMV is a department under the Business, Transportation and Housing Agency, which is under the direction of Secretary Dale E. Bonner. The DMV licenses drivers; maintains driving records; registers and tracks official ownership of vehicles and vessels; investigates auto and identity-related fraud; and licenses car dealers, driving schools, and traffic violator schools.

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